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# THE Marketing and Transportation SITUATION

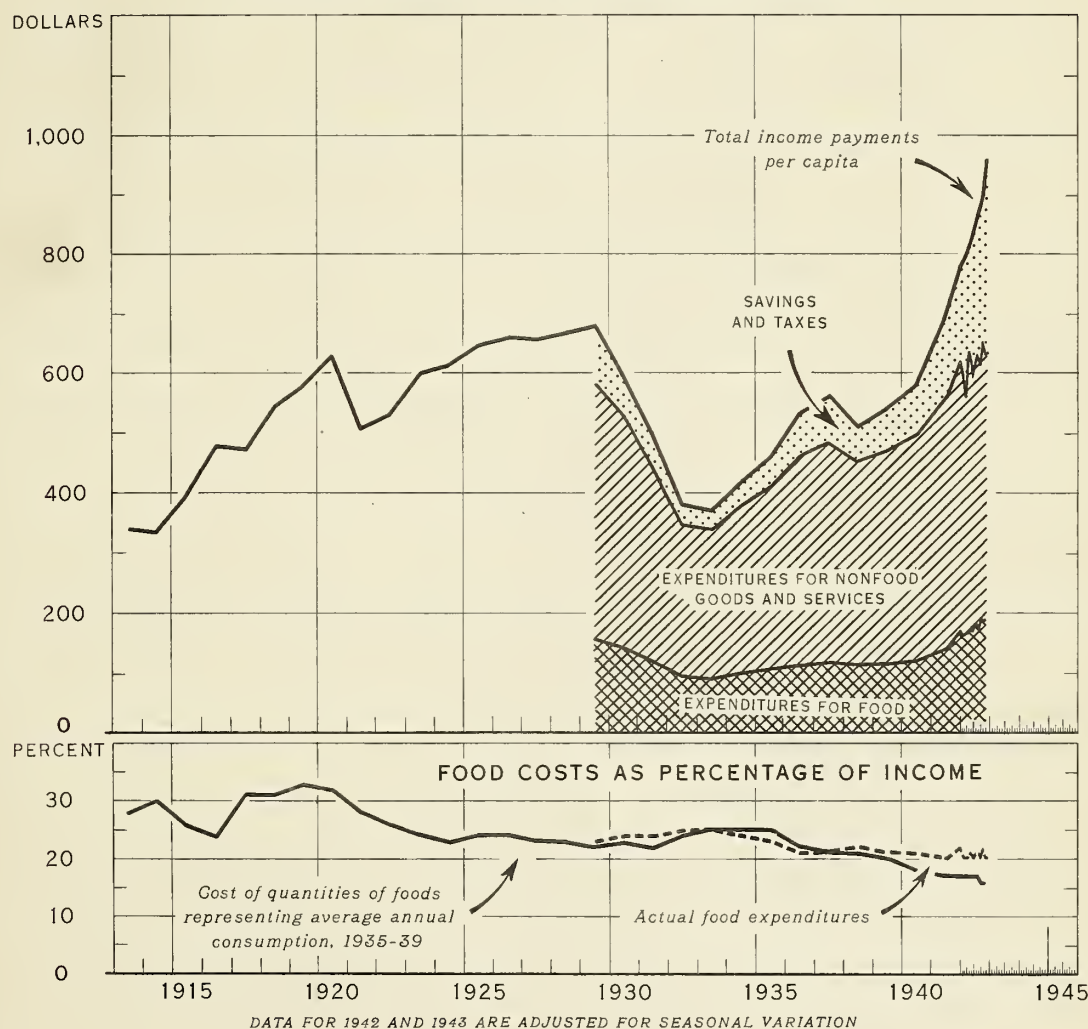
BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

MTS-10



APRIL-MAY 1943

PER CAPITA FOOD COSTS, CONSUMER INCOME, AND EXPENDITURES, UNITED STATES, 1913-43



U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

The total cost to consumers of fixed quantities of foods making up a typical consumer's "food basket" was smaller in relation to average consumer income in recent months than at any other time on record, as shown in the lower section of this chart. Actual consumer expenditures for food have risen more rapidly than food prices, owing in part to an increase in the quantity purchased, but not so rapidly as income. Foods during the war make up an increasing proportion of total consumer expenditures for goods and services chiefly because supplies of foods are maintained at high levels while supplies of non-food goods and services are being sharply curtailed.



## MARKETING AND TRANSPORTATION SITUATION

APRIL - MAY 1943

### SUMMARY

Charges for marketing domestic farm food products in April reached the highest level since 1936, rising nearly 5 percent above the charges in March 1943 which equalled the 1935-39 pre-war average. Retail prices charged city consumers for farm foods increased nearly 4 percent from February to March followed by nearly 3 percent from March to April. Prices received by farmers for the same food products advanced 6-1/2 percent during the 2 months, mid-February to mid-April. The farmers share of the consumer's food dollar declined to 56 cents in April from the recent record high of 57 cents in February and March.

Information on food costs and on consumer incomes (presented as a new series in this report) shows that advances in retail food prices since the beginning of the war have been much less proportionately than the average increase in consumer incomes, with the result that retail food prices are now at record low levels in relation to consumer incomes. Total expenditures for foods have risen more rapidly than retail food prices, reflecting advances in standards of food consumption and increases in services obtained with the food.

The transportation load for livestock in the fall of 1943 is expected to be considerably greater than a year earlier and the transportation situation may be critical during the period of heaviest movement. The volume of livestock that can be transported by available trucks is estimated at about 90 percent of that transported during the peak of 1942. Rail transportation of livestock apparently can be increased but if the production goals for 1943 are reached this increase may not be adequate to handle the load during the period of heaviest movement. Slaughter and processing capacity in sections of the Northwestern Corn Belt may also be inadequate to handle the peak load in 1943.



Marketing, processing and transportation facilities for dairy and poultry products, with a few exceptions, are expected to be adequate for handling the, 1943-44 production. Trucking facilities, with the exception of some local shortages, are expected to be adequate. Difficulties in obtaining repairs and drivers for trucks appear to be the most critical element in the transportation situation for these commodities. Some shortages of milk cans, cheese boxes, and egg crates are indicated.

The Interstate Commerce Commission on April 6, 1943 decided to suspend the freight rate increases which it had permitted to become effective on March 18, 1942. The higher rates are suspended until January 1, 1944, beginning on May 15. Standard passenger fares were left undisturbed, but the Commission revoked the increase in commutation fares allowed in 1942.

Estimates of rail carloads for agricultural products for the second quarter of 1943, taken as a whole, show very little increase over those for the second quarter of 1942.

May 31, 1943

#### FOOD COSTS AND CONSUMER INCOMES

A great deal of interest has been shown in the comparisons of food costs with income per family formerly published in this report. Completely new and revised series comparing food costs and income per civilian consumer are presented in table 1. These new series should clear up misunderstandings relating to the earlier material. The level of food prices and costs in relation to the level of consumer incomes is of great importance in consideration of problems relating to farm prices and to wage rates of nonfarm workers, and these new series should provide a sound basis of facts for use in the solution of such problems.

The series presented in table 1, representing averages per civilian consumer, both nonfarm and farm, include:

- (1) Cost to consumers at prevailing prices of a "food basket" containing quantities of food representing average annual consumption for 1935-39. This series reflects price changes only.
- (2) Actual expenditure for foods reflecting changes in items and quantities purchased as well as changes in prices.
- (3) Total income per consumer.

Table 1.- Food cost and expenditures compared with total and disposable income per person, United States average, specified periods

Year and month	Total				Food expenditures			Cost to consumer of fixed quantities			
	expandi-				As percentage of -			of foods representing average annual			
	Dis-				Total			consumption per person, 1935-39			
	income				Actual			As percentage of -			
	1/	1/	1/	1/	income	income	goods and services	2/	Dis-	Total expendi-	
	Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Dollars	Percent	Percent	Percent
1913 . . . . .	340							95	23		
1914 . . . . .	333							100	30		
1915 . . . . .	393							101	26		
1916 . . . . .	477							115	24		
1917 . . . . .	471							147	31		
1918 . . . . .	542							166	31		
1919 . . . . .	579							192	33		
1920 . . . . .	628							201	32		
1921 . . . . .	506							142	28		
1922 . . . . .	531							138	26		
1923 . . . . .	599							144	24		
1924 . . . . .	610							143	23		
1925 . . . . .	645							155	24		
1926 . . . . .	659							155	24		
1927 . . . . .	655							150	23		
1928 . . . . .	664							150	23		
1929 . . . . .	679	655	583	156	23	24	27	149	22	23	26
1930 . . . . .	595	574	527	143	24	25	27	139	23	24	26
1931 . . . . .	500	480	437	120	24	25	27	112	22	23	26
1932 . . . . .	380	366	345	94	25	26	27	92	24	25	27
1933 . . . . .	368	354	341	91	25	26	27	93	25	26	27
1934 . . . . .	418	403	377	100	24	25	27	105	25	26	28
1935 . . . . .	460	442	410	105	23	24	26	116	25	26	28
1936 . . . . .	531	508	461	113	21	22	25	115	22	23	25
1937 . . . . .	561	536	485	119	21	22	25	119	21	22	25
1938 . . . . .	509	484	451	113	22	23	25	108	21	22	24
1939 . . . . .	541	517	471	114	21	22	24	106	20	21	23
1935-39 average	520	497	456	113	22	23	25	113	22	23	25
1940 . . . . .	579	554	497	121	21	22	24	107	18	19	22
1941 . . . . .	692	662	560	140	20	21	25	121	17	18	22
1942 . . . . .	857	807	612	176	21	22	29	144	17	18	24
Annual rates by months, seasonally adjusted											
1942 -											
Jan. . . . .	778	744	617	168	22	23	27	134	17	18	22
Feb. . . . .	786	751	591	160	20	21	27	136	17	18	23
Mar. . . . .	795	759	554	162	20	21	29	138	17	18	25
Apr. . . . .	815	778	591	165	20	21	28	139	17	18	24
May . . . . .	825	785	639	171	21	22	27	140	17	18	22
June . . . . .	844	802	589	169	20	21	29	142	17	18	24
July . . . . .	859	813	615	179	21	22	29	143	17	18	23
Aug. . . . .	875	824	631	182	21	22	29	145	17	18	23
Sept. . . . .	883	828	610	178	20	21	29	145	16	18	24
Oct. . . . .	905	845	652	196	22	23	30	149	16	18	23
Nov. . . . .	937	870	628	184	20	21	29	151	16	17	24
Dec. . . . .	958	887	631	193	20	22	31	153	16	17	24
1943 -											
Jan. . . . .	971	895	659	195	20	22	30	155	16	17	24
Feb. . . . .	992	911	688	202	20	22	29	157	16	17	23
Mar. . . . .	1,012	915	629	208	21	23	33	162	16	18	26

1/ Calculated from data prepared in the Bureau of Foreign and Domestic Commerce. Total income is national income payments to individual per capita of U. S. population, including all armed forces. This average is approximately equal to income per capita of civilian population, differing by less than 1 percent in 1942. Disposable income is total income less direct personal taxes. Total expenditures for goods and services are averaged over U. S. population excluding armed forces abroad. Actual food expenditure is total amount spent for foods (excluding alcoholic liquors) in retail stores, eating places and elsewhere, plus allowance for value of home-produced foods, per capita of U. S. civilian population. This expenditure reflects changes in quantities and types of foods purchased and in payments for preparation, service, and entertainment at eating places in addition to changes in food prices.

2/ Cost to consumers of quantities of foods representing average annual consumption per person during 1935-39 is calculated by taking as a 1935-39 base the actual food expenditure for that period (\$113) and applying to this base cost the changes in a U. S. average consumers' food price index. The latter index is a weighted average of indexes representing (1) retail food prices in 51 cities (U. S. Bureau of Labor Statistics); (2) retail food prices in other cities and towns and (3) prices received by producers applied to foods consumed on farms where produced. This series reflects the part of changes in food cost due solely to changes in food prices.

3/ These percentages show what share of consumers' income would be required to purchase identical quantities of the same foods (1935-39 average consumption) at prices prevailing during each year and month.



- (4) Disposable income remaining after deducting direct personal taxes from total income.
- (5) Total expenditures for consumer goods and services but not including taxes and savings.

The percentages of income and total expenditures represented by cost of the food basket and by actual food expenditures are also shown.

#### Retail food prices at record low in relation to consumer income

Throughout the present war retail food prices consistently have risen less rapidly than average consumer income. The average U. S. consumer today is able to purchase a "food basket" of specified foods for a smaller share of his income than at any period of record. This is true even when cost of the "food basket" is compared with the consumer's "disposable" income remaining after payment of direct personal taxes.

Actual food expenditure per consumer advanced much more rapidly than food prices during 1941 and 1942, reflecting the shift toward higher standards of food consumption accompanying higher levels of income. Farmers contributed to these higher standards by producing larger quantities of foods for civilian consumption.

#### Farmer's share of retail food dollar near record high

The farmer's share of the consumer's dollar spent for a group of specified foods is near the record high levels of World War I, having reached 57 cents in February and March, but dropping to 56 cents in April 1943. This rise in the farmer's share has been associated with the advance in food prices at retail and farm levels and has been favored by stability in the marketing charges of middlemen, which have not risen in line with prices.

Increases in food prices paid by consumers at retail are usually associated with increases in prices paid to farmers who produce these foods. Price increases are ordinarily brought about by rising levels of consumer demand, as a result of increased income, or by a reduction in supply of the foods available for consumption. In most cases price behavior at levels of marketing below the retail is motivated by anticipation of what the consumer can and will pay for available supplies. Prices paid to farm producers also depend upon the total charges per unit paid for the marketing services to transfer food products from producers to consumers. These charges constitute the "spread" between the retail price and equivalent farm value.

#### Consumer income and food cost

In order to view the food cost situation in proper perspective, it is necessary to compare food price trends with food expenditures and with consumer incomes. Food prices take on new meaning when compared with the fund of consumer purchasing power. This has been done on the basis of the average civilian consumer and the results are shown in table 1.



Because 1935-39 was chosen as a base, the "food basket" cost equals the actual food expenditure for that period. Through the recent war years and into 1943 the "food basket" series measures the increased cost of foods which may be ascribed to higher retail food prices. Retail prices of farm food products are in turn related to the combined effects of changes in prices paid farmers and changes in charges for marketing.

While average cost to consumers of the "food basket" in 1935-39 amounted to 22 percent of total income per consumer, or 23 percent of "disposable" income remaining after payment of direct personal taxes, by the end of 1942 average consumer income had so far outdistanced retail food prices that the same "food basket" could be purchased for only 16 percent of total income or 17 percent of disposable income.

Actual food expenditures by all civilians, farm and nonfarm, in 1935-39 amounted to 22 percent of income, and dropped to 21 percent of the high income level reached in March 1943. Compared with disposable income, food expenditures were 23 percent for 1935-39 and 23 percent in March 1943. In comparison with total consumer expenditures for all goods and services, the food expenditures show an increase from 25 percent of total expenditures for 1935-39 to 33 percent for March 1943. The trend of these percentages shows that food expenditure has risen more rapidly than total consumer expenditure, but less rapidly than consumer income.

#### Food expenditures rising more rapidly than retail food prices

From 1935-39 to March 1943 the rise in actual expenditure for foods by the average consumer was nearly double the rise in retail food prices. During this period retail food prices advanced by 43 percent, the consumer's "food basket" costing \$113 on the average for 1935-39 and \$162 in March 1943. Actual food expenditures per person, affected by changes in items purchased as well as in prices, rose by 84 percent during the same period, reaching an annual rate of \$208 in March 1943.

What significance lies in the excess of the food expenditure increase above the food price increase? This excess reflects, first of all, a considerable advance in the standard of food consumption. With incomes rising faster than food prices, consumers have purchased the larger quantities of foods made available by record farm production, and have purchased increasing proportions of food at eating places. More food costs more money even though prices show no change, and purchases of foods at eating places must include payments for preparation and service (and sometimes for entertainment) in addition to the cost of foods as sold in retail stores. Reasons for more eating in restaurants include (1) more women working in industry; (2) men working in cities away from their families, and (3) higher incomes. However, developments of this sort mark real advances in standards of living, measured roughly by the excess of food expenditure increase over food price increase. For March 1943, in comparison with 1935-39 the excess amounts to 29 percent.

Assuming that food consumption in March 1943 was near the 1941 and 1942 levels, this excess expenditure included increased quantities of food purchased to the extent of about 10 percent above the average for 1935-39. The rest of the 29 percent excess in food expenditure over cost of the "food basket" must be ascribed to shifts in the patterns of food consumption toward items of higher quality and more extensive preparation, and toward purchases in higher-priced outlets.

## Food expenditures reflect sustained levels of food supplies

Food expenditures have become relatively more important in the total of all consumer expenditures for goods and services, rising from 24 percent of the total for 1940 to 33 percent in March 1943 (table 1). In view of the prospect that the supply of nonfood civilian goods and services will dwindle but that the food supply will be maintained near pre-war 1935-39 levels, this percentage will rise during 1943 and 1944 even though there is no further advance in retail food prices.

Food expenditures as a percentage of total expenditure may easily be misinterpreted. The rise in this percentage is due in part to the reduction in supply of nonfood goods and services, as well as to the rise in food expenditure. The rise also reflects the sustaining of food supplies for civilian consumption. If food supplies had been cut as drastically as supplies of other goods the percentage would not be so high.

These trends show that food is becoming relatively more important in consumers' purchases and "cost of living". There is a tendency, indicated in table 1, for consumers to spend a fairly constant percentage of their income for foods, ranging from a high of 25 percent in 1932 and 1933 to a low of 20 percent in early 1943. During the war period, shrinking supplies of nonfood goods and services together with price controls make it impossible for consumers to spend as much of their income for those goods as they would desire, and leave a growing surplus of free cash which they may use for food purchases within the limitations of rationing and available supplies.

## Food costs of city workers

Food expenditures and income per city workingman's family of 4 persons are shown in table 2. These data are results of actual surveys of the U. S. Bureau of Labor Statistics, adjusted for size of family, and represent employed wage earners and lower-salaried clerical employes in large cities. The averages for all four periods exclude families with incomes less than \$500, and families receiving relief, and in using the figures it must be remembered that many families whose incomes were below the \$500 limit in 1934-36 or who were on relief at that time moved up the income scale and were included in the 1941 and 1942 averages. For this and other reasons the several periods do not represent strictly comparable groups.

Assuming that the 1917-19 and the 1942 surveys are fairly comparable, some interesting conclusions may be drawn from comparison of the family food expenditures with retail food price trends in 51 cities. The 1917-19 survey was centered near the year 1918 and the 1942 survey covered the 3 months, January through March. For 1918 the Bureau of Labor Statistics index of retail food prices in 51 cities stood at 134 (on the basis of 1935-39 = 100) and it averaged 117 for the first quarter of 1942.



Table 2.- City families' money incomes and expenditures for food - employed wage earners and lower-salaried clerical employees in large cities <sup>1/</sup>  
(For families of 4)

Period	Family income	Family expenditures for goods & services: Food	Percentage of income spent for food	Percentage of family expenditure for all goods and services spent for food	Index of retail food prices in 51 cities 1935-39 = 100
	Dollars	Dollars	Dollars	Percent	Percent
1917-19 .....	1,464	1,295	509	34.8	39.3 (1918) - 134
1934-36 .....	1,693	1,624	564	33.3	34.7 (1934-35) - 97
1941 .....	2,601	2,457	836	32.1	34.0 105
1942, 1st. quarter:					
annual rate .....	2,832	2,543	869	30.7	34.2 117

<sup>1/</sup> Data for family money income, expenditures for total consumption, and for food from the Bureau of Labor Statistics investigations for 1917-19, 1934-36, 1941, and the first quarter of 1942, adjusted for size of family. Index of city retail food prices from Bureau of Labor Statistics.

<sup>2/</sup> Includes all expenses for current family living except personal taxes and gifts and contributions to persons outside the economic family.

Prepared by the Bureau of Labor Statistics.

City retail food prices for the first quarter of 1942 were 13 percent lower than for the year 1918, while food expenditure per family in early 1942 at an annual rate of \$869 was 71 percent higher than the \$509 spent in 1918. Reduced to a comparable price basis, this implies that food outlay per city family of 4 persons in early 1942 was at an annual rate nearly double the 1918 outlay (in 1942 food dollars). Dollar income per family at \$2,832 in 1942 was nearly twice the income of \$1,464 in 1918, and the percentage of income spent for food showed a moderate decline. But at the lower food prices the 1942 expenditures could have bought almost twice the quantities of the foods purchased in 1918. The higher standard of food consumption was not entirely in larger quantity, of course, but shows up in shifts to better types and qualities, to purchase of foods embodying more service and preparation, and to "eating out".

These trends are borne out by the data in table 1, which shows food prices in March 1943 were 2 percent lower than in 1918 while consumer income was 87 percent higher than in 1918.

## Income and food costs of consumer, worker, and family

The trends of food cost relative to income and expenditures per consumer shown in table 1 should conform quite closely to similar trends per family of fixed size. Recent income trends calculated on the per-worker basis understate the increase for the family spending unit because of changes in the number of workers per family. For example, the increase to March 1943 from the 1935-39 average was 95 percent in income per consumer (table 1) and only 76 percent per employed industrial worker (Manufacturing, mining, and railroads). The difference is due in part to the increase in the proportion of workers gainfully employed and in part to the rate of increase in farm income.

## Income and expenditures per consumer

Income and expenditure data used in table 1 are prepared in the U. S. Bureau of Foreign and Domestic Commerce or adapted from their data. The total income series is national income payments to individuals (wages, salaries, dividends, rents, royalties, etc.) averaged for all the U. S. population including the armed forces. This series was accepted as representative of the per capita income for the civilian population. A check indicated that elimination of the armed forces would reduce the average income less than 1 percent in 1942 and current higher average civilian incomes means that the effect of including the armed forces is even less in 1943.

Disposable income is total income less direct personal taxes, chiefly income taxes in 1943. Total consumer expenditures for all goods and services is averaged over the U. S. population excluding armed forces abroad. Food expenditures exclude alcoholic beverages and are averaged over the U. S. civilian population. The food expenditure series includes amounts spent for prepared foods at eating places, <sup>and</sup> imputed value of foods consumed on farms where produced, as well as ordinary purchases at retail. This series reflects changes in average quantities purchased and shifts among types, qualities, and price lines of foods in addition to changes in food prices.

Annual rates of income and expenditures for the months of 1942 and 1943 have been adjusted to eliminate annual seasonal variation such as the high expenditure peak in December and effect of fewer shopping days in February.

## Cost of the pre-war "food basket"

Particular attention should be given the series used in the last 4 columns of table 1 and measuring the cost, at prices prevailing each year and month, of the average pre-war (1935-39) annual "food basket." This series reflects changes in consumers' food prices only, and isolates the price effect from various other influences upon food expenditure such as changes in quantities and types of items purchased and increase in the proportion of food consumed at eating places.

The "food basket" consists of average quantities of foods consumed per year during the 5 pre-war years, 1935-39. The cost series was calculated by accepting the actual average food expenditure for the 1935-39 period (\$113) as the base period cost of the food basket and applying to this base the changes shown by an index of U. S. consumers' food prices. All price indexes in



general use are calculated so as to represent the changes in cost of a fixed basket of goods due to changes in prices, and their application to the use described here is entirely valid.

The food price index used for calculating the "food basket" cost was developed to represent food prices of all civilian consumers in the United States including farm population. The index is a weighted average of two retail food price indexes and an index of prices received by farmers applied to foods consumed on the farms where they are produced. The two retail price series are (1) the Bureau of Labor Statistics index of retail food prices in 51 large cities (56 cities, beginning March 1943) and (2) the Bureau of Agricultural Economics index of prices paid for foods by farmers, representing retail store prices in several thousand cities and towns not covered by the Bureau of Labor Statistics. The three price series were combined by weights calculated on the basis of population and per capita food expenditures in 1935-39.

#### ADEQUACY OF PROCESSING AND TRANSPORTATION FACILITIES FOR LIVESTOCK IN 1943-44

##### Prospective marketings in 1943

The volume of livestock to be marketed in the last quarter of 1943, according to present indications, will greatly exceed that of the same period in any previous year (table 3). Marketing of hogs may be 26 percent, and of cattle and calves 11 percent, greater than in the last quarter of 1942, but marketings of sheep and lambs may be about 23 percent less. 1/

Feed production in 1943 will be the principal factor determining the time and volume of marketings. Since the weather will determine pasture and range growth, as well as the size of the feed crop, it will be the controlling influence in the 1943 livestock marketing picture - especially for the second half of the year. In most years there is a considerable margin for readjustments between livestock and feed, which limits the pressure for liquidation if feed production is below average; but this year numbers and probable production of livestock are so large that they require maximum production of feed. Any production materially below the quantities anticipated in the goals, even if it is not much below average, may result in very heavy marketings and might even approach the proportions of a liquidation. In the case of cattle this would result in heavy fall marketings of all kinds of animals, especially cows and calves. In the case of hogs, there would be heavy marketing of brood sows during the late summer and a very large movement of spring pigs at light weight during the fall and early winter.

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1/ The estimates made are on the assumption that 1943 will be a favorable year for pasture and range growth and for feed crop production. It is also assumed that the spring crop will increase about as indicated by the December Pig Crop Report on sows to farrow in the 1943 spring season, and that the relationship of marketings to numbers and the monthly distribution of marketings will be much more nearly normal than they seem to have been with the 1942 spring pig crop.

Table 3.- Tentative estimates of livestock shipments, 1942-43 <sup>1/</sup>

Month	Cattle & calves		Hogs		Sheep & lambs	
	1942	1943	1942	1943	1942	1943
	Million head		Million head		Million head	
Jan. ....	2.1	1.9	6.7	6.2	2.3	2.5
Feb. ....	1.8	1.9	4.6	5.2	2.0	2.2
Mar. ....	2.1	2.2	4.9	5.1	2.3	2.2
Apr. ....	2.3	2.5	4.8	5.9	2.1	2.1
May ....	2.1	2.3	4.8	5.9	2.3	2.3
June ....	2.2	2.4	5.3	6.8	2.1	2.3
July ....	2.1	2.3	4.5	6.0	2.3	2.6
Aug. ....	2.6	2.9	3.9	5.4	3.1	3.0
Sept. ....	2.9	3.2	4.4	6.0	4.3	3.7
Oct. ....	3.6	4.0	4.8	6.3	4.8	3.8
Nov. ....	3.0	3.3	6.1	8.0	3.4	2.4
Dec. ....	2.1	2.4	7.7	10.2	2.9	2.3
Total .....	28.9	31.3	62.5	77.0	33.9	31.4

<sup>1/</sup> Shipped from country points to markets, direct to packers, or outside the States.

Slaughtering and processing capacity may be inadequate

If the volume of marketings now indicated actually materializes and if transportation facilities prove sufficient to move the livestock offered, it is quite probable that the supply will be in excess of the available facilities for slaughtering and processing during the fall and winter, 1943-44. The largest increase in hog production is indicated for the West North Central States and it is in this area that hog supplies are most likely to exceed materially the slaughter capacity. Even though large numbers of hogs could be moved into other areas where capacity would still be in excess of supplies from customary sources, it is doubtful if facilities for the country as a whole would be sufficient to handle the supply at all times.

Alternative methods which might be followed to deal with a potentially critical processing situation are outlined and evaluated on pages 14 to 18 of the mimeographed report issued by this Bureau in December 1942. <sup>2/</sup>

<sup>2/</sup> Livestock Transportation and Processing Problems in 1942-43 and 1943-44, Bureau of Agricultural Economics, U. S. Department of Agriculture, December 1942.



## Transportation load for livestock in the fall of 1943

The prospective transportation load for livestock in October 1943, the month when it probably will be heaviest, is estimated to be 12 percent greater than for the corresponding month in 1942. In November it is expected to be 9 percent greater than for the peak month of 1942 and in December, 1 percent greater. October is the month when cattle and sheep are moved by rail from western ranges in largest numbers. The range movement is practically completed when the heavy fall marketing of hogs gets under way. The proportion of the hogs normally moved by rail is relatively small. Estimates of the transportation load for livestock are based both on the out-shipments from States and on resh Shipments from the 68 public stockyards for which monthly data are available.

## Truck transportation facilities for livestock

Livestock transportation facilities are expected to be adequate during the spring and summer but apparently the situation will be critical in the 3 fall months, October to December, unless steps are taken to deal with it. The number of motortrucks that will be available for hauling livestock in the Corn Belt is estimated to be from 80 to 85 percent of the number in operation a year earlier (see table 4) 3/. However, the volume of livestock that can be transported by the available trucks is estimated to be 90 percent of that transported in the corresponding period last year. The better utilization of trucks is expected to be in the nature of a larger proportion of capacity loads, more efficient pick-up service and reduction of some long-haul movement. The relatively large number of trucks that were available a year ago for transporting livestock has been materially reduced because few of those that have worn out have been replaced.

Members of the Corn Belt Livestock Marketing Research Committee agree that the transportation situation will be critical next fall unless the trucks that are available are utilized much more efficiently. As trucks get older they tend to require more repairs and more attention for upkeep. The greatest difficulty seems to be that of obtaining repair parts. The lack of sufficient experienced manpower is also considered to be a factor that will limit efficient operation of livestock trucks. This applies both to mechanics for keeping the trucks in proper working condition and to drivers. The tire problem was reported to be less serious. The 35-mile speed limit, which is now general over the country, also is mentioned as a factor reducing the total volume of products that can be moved by truck in a given time.

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3/ Estimates made for 13 States in the Corn Belt by members of the Corn Belt Livestock Marketing Research Committee, composed of representatives of the Agricultural Experiment Stations and the Bureau of Agricultural Economics.

Table 4.- Number of trucks available for transporting livestock next fall and winter compared with a year earlier, the volume of livestock the available trucks can transport compared with the earlier period, and the factors that may limit the truck hauling of livestock, by States, as estimated by members of Corn Belt Livestock Marketing Research Committee, April 1943

State	: Trucks available : Volume of livestock :		: Factors likely to limit truck hauling of livestock next fall and winter
	: for livestock next fall and winter compared with year earlier:	: that can be transported next fall and winter compared with year earlier :	
	Percent	Percent	
N. Dak. ....:	90	90	Tires, repairs, mechanics, restricted loads, reduced speed.
S. Dak. ....:	80 - 85	75 - 80	Fewer trucks repairs, tires, mechanics, and drivers.
Nebr. ....:	90	90	Mechanics, repair parts, and experienced drivers.
Kans. ....:	85 - 90	90	Repairs, tires, mechanics, and drivers.
Okla. ....:	75 - 80	90	Repairs, trucks wearing out, drivers.
Minn. ....:	70	(a) 100	Parts, drivers, inefficiency.
Iowa ....:	82	(b) 80 - 100	Fewer and older trucks, parts, experienced drivers.
Mo. ....:	70	(c) 95	Competent drivers, repair parts, tires.
Wis. ....:	85 - 90	100	Reduced labor supply.
Mich. ....:	60	80	Condition of trucks, repairs, parts, operators.
Ill. ....:	85 - 90	(d) 75 - 90	Drivers, condition of roads. 35-mile speed limit.
Ind. ....:	85 - 90	100	Labor.
Ohio ....:	85	(e) All	Drivers and mechanics.
Ky. ....:	85	90	Parts, mechanics, drivers and tires.

- (a) If parts and drivers are available.
- (b) Depends upon cooperation in community.
- (c) Assuming manpower problem is solved.
- (d) Percentage depends upon several variables.
- (e) Provided repairs and manpower are available.



## Rail facilities for transporting livestock

Of the receipts of livestock at the 68 public markets for which reports are received monthly by the Department, the proportion transported by motor-truck was about 3 percent smaller in 1942 than in 1941, which is a reversal of the trend that has been in effect since the advent of motortrucks in the field of livestock transportation. The percentage shift from truck to rail was greatest for cattle and smallest for hogs. Corresponding information is not available for either the slaughter livestock sold direct to packing plants nor the stockers and feeders that move direct to pastures and feedlots without going through the public markets.

The number of livestock cars of revenue freight loaded in the United States in 1942 was 744,400 compared with 650,479 in 1941, an increase of 15 percent. For the first 3 months of 1943 the number of cars loaded was 13 percent greater than for the corresponding months of 1942. Most of the increase occurred in February and March. The tonnage of livestock hauled by rail in 1942 showed a greater increase over 1941 than the number of cars loaded, and amounted to 22 percent. The average weight per car (single-deck and double-deck combined) in 1942 was 23,360 pounds compared with 22,084 pounds in 1941, an increase of 6 percent. The increased weight per car resulted from (a) heavier loading of both single-deck and double-deck cars for all species of livestock except for calves in double-deck cars, and (b) the shipping of larger proportions of hogs, and sheep and lambs in double-deck cars as compared with single-deck. It is doubtful if average loadings per car will show much further increase.

The number of livestock cars loaded per week during the first 8 months of the year is only about half as great as the number loaded per week during October. Consequently, railroads have an adequate number of stock cars for handling livestock during the spring and summer. Serious difficulty apparently was not experienced during October 1942, when the number of cars loaded during the peak week was 9 percent greater than during the peak week in 1941. Indications are, however, that the loadings per week cannot be increased very much over the peak loadings of 1942; but some improvement can be effected if necessary steps are taken. The ability of railroads to handle livestock must be appraised in terms of the availability of over-all transportation factors such as locomotives and labor as well as livestock cars, since the peak for rail transportation in general comes at about the same time as the peak of livestock transportation.

The railroads operating in the Corn Belt have stockyards and other facilities at local shipping points for handling a greatly increased volume of livestock except in certain areas in the States along the eastern part of the region and probably also in a few areas in some of the other States. A study by the Bureau of Agricultural Economics, shows that for the region as a whole 72 percent of the towns located on the railroads have stockyards and loading facilities. <sup>4/</sup> The absence of yards is due largely to abandonment.

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<sup>4/</sup> Railroad Facilities for Handling Livestock at Shipping Points in the Corn Belt Region, Bureau of Agricultural Economics, U. S. Department of Agriculture, May 1943.

This has mostly resulted from the marked shift from rail to motortruck transportation of livestock that has taken place during the past 15 or 20 years. Stockyards have been removed in a larger proportion of the towns in areas relatively near important livestock markets than in areas located farther from the markets. However, most of the towns without stockyards are reasonably near other towns that have yards located either on the same railroad line or on other lines.

With the prospective shortage of trucking facilities, the shifting in transportation of livestock from truck to rail should be encouraged, particularly for livestock moving relatively long distances. As this shift is made the railroads, public officials, and private agencies that are concerned with effective transportation of livestock should keep in close touch with developments to see that steps are taken to provide additional facilities wherever they are needed.

The mimeographed report of the Bureau previously referred to, discusses various ways in which the combined processing and transportation situation for livestock might be handled under emergency conditions. 5/

#### ADEQUACY OF MARKETING, PROCESSING AND TRANSPORTATION FACILITIES FOR DAIRY PRODUCTS IN 1943-44

Total milk production was 119,240,000,000 pounds in 1942. Indicated 1943 production under present price and feeding conditions would be from 118 to 120 billion pounds. A spot check made by the BAE on April 7 in the Corn Belt and the New England and Middle Atlantic States shows that with some local difficulties trucks in present use in those areas could handle from 100 to 125 percent of the milk and cream carried in 1942. The difficulty of obtaining repairs and drivers is the principal obstacle encountered, with tires a minor difficulty. These conditions are spotty at present but may become more serious and general in late 1943 and in 1944.

#### Processing plants

Except for dry skim milk, and pasteurizing equipment for cheese factories processing facilities in the United States are adequate to handle somewhat more milk than was produced in 1942, but repair and replacement parts and processing labor will present increasing difficulties particularly in the mid-west. Some mild shortages exist for fluid milk equipment in cities where population has increased.

The dry milk powder situation is peculiar. On the basis of manufacturers rated capacity the total national capacity of spray and roller drying equipment is far in excess of any past production although some individual plants are being operated at levels close to the rated maximum. Unfortunately, however, a considerable proportion of milk drying capacity is now located in areas where it competes for fluid market milk and for milk used for cheese. Increased demands for fluid milk particularly have reduced the supply going to existing dryers. Dry milk powder production could be substantially increased by diverting milk from other uses in areas now having excess drying capacity, by moving roller plant units to areas having more milk for this purpose, or by constructing some new plants in hand-separated cream producing localities.

5/ See footnote 2.



One of the importance factors limiting shifts from cream to whole or skim milk products is the difficulty of obtaining adequate numbers of cans for hauling the milk. There is a spotty shortage of milk cans, particularly in regions which have recently expanded production or have shifted from a cream collection to a whole milk collection basis. This shortage will become more acute if more dry skim milk is produced in butter areas. Cheese boxes are extremely short at the present time.

With the exceptions indicated, marketing, processing and transportation facilities appear adequate to handle the milk produced in 1943 and with some difficulty an expanded 1944 production could be cared for.

#### ADEQUACY OF TRANSPORTATION, PROCESSING AND MARKETING FACILITIES FOR POULTRY AND EGGS, 1942-43

Poultry and egg production in 1943 is expected to be increased as follows:

	Production 1942	Expected 1943	Increase (Percent)
Farm chickens (mil.lb.live wt.)	2,807	3,200 *	14
Commercial broilers (mil.lb." )	605	817	35
Turkeys (mil.lb. live wt.)	531	606	14
Farm eggs (mil. doz.)	4,017	4,545	13

#### Transportation

A spot check by Bureau of Agricultural Economics in the Corn Belt, New England and Middle Atlantic States indicates that with some local exceptions trucking facilities will be able to handle the anticipated output. Repair parts and drivers are indicated as being the most critical elements, and in addition to present and prospective truck route reorganization some reliance may have to be placed on farmers hauling their own products in some parts of the country. The Food Distribution Administration has received no serious complaints about truck facilities. The peak of the poultry marketing season will not be reached until late summer and fall. Any serious feed shortage could cause heavy marketings which might place a temporary burden on facilities. But in a pinch it would be possible for farmers in some localities to use passenger cars for hauling eggs and poultry.

Rail facilities for live poultry appear to be adequate. There are 400 live poultry cars in service. It is estimated that these cars can be used for 3 trips or a total of 1,200 cars per month or 14,400 car loads per year. This is about 3 to 8 times the annual volume that has been carried since 1938. Live-stock cars are readily convertible to poultry cars if necessary. It should be emphasized, however, that rail shipments can be considered only as a cumbersome emergency alternative to truck movement of live poultry in many communities.

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\* Does not include an expected out-of-the-usual season production of as many as 100 million chickens on diversified farms.

The refrigerator car situation may be tight this fall but dressed poultry and eggs account for only about 5 percent of refrigerator car use so that any strain on these facilities will come from other sources rather than from expanded poultry and egg production.

### Containers

Egg crates are seriously short now. Poultry crates for live poultry and boxes for dressed poultry are seriously short and the shortage will become more acute as the heavy marketing season is reached. These shortages are general, and steps should be taken immediately to remedy the situation.

### Processing facilities

Considerably greater quantities of eggs can be dried in slack time of spray process milk driers. These plants may be converted back and forth at will. The chief difficulty is an adequate supply of egg candling and breaking labor. In poultry plants labor appears to be the main limiting factor for the coming peak season.

Except for containers where the shortage is acute, marketing, processing and transportation facilities should be adequate if poultry marketings follow the usual seasonal pattern.

## CURRENT DEVELOPMENTS IN MARKETING AND TRANSPORTATION

### Tentative standards for dry milk announced

The War Food Administration on May 21 issued tentative U. S. standards for grades of dried skim milk and dried whole milk which slightly revise present standards. The tentative standards provide for designation of grades commonly used and include information on the methods of sampling and procedure in testing and grading.

### Potato control extended in Southeast

Control over potato shipments from 90 additional counties in 5 southeastern States was provided for by regulations issued on May 28 by the War Food Administration to enable the Armed Forces to obtain essential supplies and provide for equitable distribution of military purchases among producing areas and among individual growers and shippers. The permit system was extended to designated counties in Florida, Georgia, South Carolina, North Carolina and Virginia - the most important Southeastern producing districts. The plan, which already has been in operation in 5 counties in Florida and Alabama (terminated June 7) and Maine provides that all shippers must obtain a permit before shipping by truck or rail. The regulations became effective in Florida, Georgia, and South Carolina counties on May 29, in North Carolina counties on June 7, and in Virginia counties on June 14.



### Reports on production of pressure cookers

Announcing that the War Production Board has begun allocating materials for the production of another 125,000 pressure cookers of the type suitable for home canning, the Consumers' Durable Goods Division said on May 26 that total production of these utensils during 1943 - about 275,000 - would exceed the output of any previous year. At the same time the War Food Administration set up the distribution machinery for the pressure cookers, designed so that the cookers will reach consumers who need them the most and at the same time assure greatest extent of use.

### Cotton bagging sales program

A sales program to supplement supplies of jute available for covering the 1943 cotton crop was announced by the War Food Administration. Approximately 2.4 million patterns are being offered at the present time. Additional quantities will be available as present contracts with manufacturers of cotton bagging are completed. Cotton bagging will be sold by the Commodity Credit Corporation, in carlots at \$1.05 per pattern f.o.b. cars at points of manufacture at Rock Hill, South Carolina, Anniston, Alabama, and New Orleans, Louisiana, or at \$1.07 per pattern f.o.b. Memphis, Tennessee or Houston, Texas. The price of less than carlots will be 3 cents per pattern higher than the carlot prices.

## TRANSPORTATION

### Interstate Commerce Commission orders increased freight rates suspended

By a vote of 6 to 5, the I.C.C. on April 6, 1943, decided to suspend the freight rate increases which it had permitted to become effective on March 18, 1942. The higher rates were suspended effective May 15, until January 1, 1944. Standard passenger fares were left undisturbed, but the Commission revoked the increase in commutation fares allowed in 1942, and set these rates for an independent hearing.

The original decision of the Commission allowed increases in varying amounts and percentages (3 percent for example, on farm products), averaging 4.75 percent, on freight traffic. (Ex Parte No. 148, Increased Railway Rates, Fares, and Charges, 1942.) In the same case, the Commission permitted a 10 percent rise in interstate standard passenger and commutation fares of the railways, which went into effect on February 10, 1942. It was explained at the time that the increased rates were necessary to meet the higher wages granted the railway workers in December 1941.

Because of the upswing in traffic, coupled with the higher rates and other favorable conditions, the earnings of the railroads reached a record level in 1942 (table 5). This led to the filing of numerous petitions for the reopening of the case, including those of the Secretary of Agriculture, the Price Administrator and the Director of Economic Stabilization. In response to these requests, the Commission held hearings in February of this year, and announced its decision in April.

Table 5.- Net railway operating income, Class I steam railroads, United States, 1920-42

Year	Net railway operating income	Year	Net railway operating income
	Dollars (000,000 omitted)		Dollars (000,000 omitted)
1920 .....	17.2	1932 .....	326.3
1921 .....	600.9	1933 .....	474.3
1922 .....	760.2	1934 .....	462.7
1923 .....	961.9	1935 .....	499.8
1924 .....	973.8	1936 .....	667.3
1925 .....	1,121.1	1937 .....	590.2
1926 .....	1,213.1	1938 .....	372.9
1927 .....	1,068.0	1939 .....	588.8
1928 .....	1,172.9	1940 .....	682.1
1929 .....	1,251.7	1941 .....	998.3
1930 .....	868.9	1942(actual)	1,480.9
1931 .....	525.6	1942 1/	1,171.9

1/ Minus revenue from rate increases in 1942.

The net railway operating income of the large Class I railroads, it was brought out, was \$1,480,900,000 in 1942, as compared with \$998,000,000 in 1941. The major portion of this increase, the decision said, was due to greater traffic rather than to the higher rates. The report showed that the railroads received from the rate increases alone the following estimated amounts: Freight rates, \$226,455,000; accessorial charges, \$3,885,000; passenger fares, \$78,387,000; and milk traffic, \$270,000. The total increase in receipts due to the higher rates was \$308,997,000. The Commission estimated that the higher wage rates, granted in December 1941 had cost the railroads an additional \$389,000,000 in 1942.

It is to be noted that, without the added \$226,455,000 of freight revenue arising from the rate increases but with the added \$389,000,000 expense caused by the wage increases, the 1942 net railway operating income would have been \$1,254,445,000. This would have exceeded the earnings of the railroads in the previous all-time peak year, 1929, by about \$2,500,000.

On the question of freight rates, the Commission expressed the view that earnings had so increased as a result of the larger volume of traffic "that the freight rates and charges so reduced will be just and reasonable." But as to standard passenger fares, the majority held that a reduction "would tend to encourage travel which is unnecessary and unrelated to the prosecution of the war." The Commission also stated that the passenger traffic in recent years had not borne a proportionate share of the cost of rail operations.

The decision to revoke the freight rate increases was hailed by the Office of Price Administration as an aid in the battle against inflation. Shortly after the reductions were announced, OPA officials indicated that, in many cases, the saving in freight would be left at the producer or processor level to ease squeezes between the cost of raw materials and ceilings imposed



at those levels so that the line may be held at the consumer level. Hope was also held out by OPA spokesmen that the lower freight rates would, in other instances, actually be reflected in lower prices to consumers and action already has been taken for such products as dressed hogs and wholesale pork cuts, nitrogenous fertilizers (with an estimated annual saving of 225,000 to farmers), used commercial vehicles, and softwood lumber.

Estimated rail carloads for second quarter of 1943

Estimates of rail carloads for the second quarter of 1943 have been released by the 13 regional Shippers' Advisory Boards. (table 6). These estimates are compiled each quarter for the leading commodity groups, which are 28 in number for the current period.

Very little change in agricultural carloads, taken as a whole, is anticipated by the Boards as compared with carloadings during the second quarter of 1942. The forecast is for a 1 percent increase. However, considerable variation is expected among individual items. A large increase of 22.9 percent is looked for in carloadings of grain, while substantial increases are expected in shipments of hay (13.2 percent) and livestock (8.2 percent). Significant declines are in prospect for carloadings of citrus fruit (15.1 percent), cottonseed (9.1 percent), sugar and syrup (8.9 percent), and lumber and products (5.4 percent). All other agricultural groups are expected to vary less than 5 percent from the shipments of a year ago.

As for products of concern to farmers, apart from the ordinary products of agriculture, etc., a sharp reduction of 35.6 percent is forecast for agricultural implements and vehicles. Shipments of jellies, olives, pickles, and preserves are expected to drop 8.4 percent. However, an increase in carloads of fertilizers, amounting to 13.4 percent, is predicted.

A considerable increase (10.4 percent) in shipments of manufactures in the second quarter of 1943 over the same quarter of 1942 is in prospect, according to the Boards. Little change is expected in carloadings of 11 other important nonagricultural products.

Table 6.- Estimated rail carloadings of agricultural and other leading commodity groups, United States, second quarter 1943

Commodity group	Estimated	Percentage change
	carloads 2nd. quarter 1943	from 2nd. quarter 1942
	Carloads	Percent
Grain, all kinds . . . . .	283,400	22.9
Flour, etc. . . . .	202,958	0.7
Hay, etc. . . . .	17,688	13.2
Cotton . . . . .	43,287	2.5
Cottonseed, etc. . . . .	7,334	1/ 9.1
Citrus fruit . . . . .	46,379	1/ 15.1
Other fresh fruits . . . . .	35,187	0.2
Potatoes . . . . .	62,911	1/ 3.8
Other fresh vegetables . . . . .	78,762	1/ 0.2
Livestock . . . . .	155,295	8.2
Poultry and dairy products . . . . .	31,538	1/ 2.6
Lumber and forest products . . . . .	627,766	1/ 5.4
Sugar, syrup, etc. . . . .	46,064	1/ 8.9
Subtotal . . . . .	1,638,569	1.0
Agricultural implements and vehicles, other than automobiles . . . . .	16,863	1/ 35.6
Fertilizers, all kinds . . . . .	130,103	13.4
Jellies, olives, pickles, and preserves 2/ . . . . .	59,635	1/ 8.4
Subtotal . . . . .	206,601	9.7
Manufactures and miscellaneous . . . . .	1,522,089	10.4
Eleven other leading nonagricultural products 3/ . . . . .	5,803,180	1/ 0.1
Subtotal . . . . .	7,325,269	2.0
Total carloadings of 28 leading commodity groups 4/ . . . . .	9,170,439	2.0

1/ Decrease

2/ This commodity group appears in the quarterly estimates for the first time. Also it is not separately reported in the commodity classification published by the Interstate Commerce Commission. The item entitled "canned food products," which formerly was included in the quarterly estimates, is dropped from the current list.

3/ Eleven other leading nonagricultural products: Coal and coke, machinery and boilers, ore (iron and n.o.s.), gravel, etc., petroleum and products, iron and steel, cement, brick, etc., lime and plaster, paper, etc., and salt.

4/ All other commodity groups as listed by Interstate Commerce Commission calculated by deducting Association of American Railroads data from I.C.C. Statistics, showing number of carloads originated.

Source: Traffic World. April 3, 1943, page 815. The estimates of carloadings were compiled from the forecasts of the 13 Shippers' Advisory Boards.



FARM - RETAIL PRICE SPREADS

MARCH - APRIL 1943

Marketing charges for foods reach 7-year high

In April, charges for marketing a "basket" of specified farm food products rose to \$201, an increase of \$10 or 5 percent above March, following a rise of \$5 the previous month. The "food basket" is made up of quantities of farm food products representing annual purchases of a typical working man's family. Marketing charges are measured by the spread or margin between retail cost of the "food basket" and payment to farmers for equivalent produce.

The April marketing margin was the highest recorded for any month since early 1936.

Retail food prices show sharp increases

Retail cost of the food basket rose sharply during each of the 2 months preceding mid-April. From February to March the retail value rose by nearly 4 percent, from \$432 to \$448, followed by another increase of more than 3 percent to \$462 at mid-April. The combined increase for these 2 months is the largest occurring in any comparable period since 1939.

Farmers share in higher retail food cost

Retail value of the food basket rose \$30 from February to April. Farmers and middlemen shared equally in this increase. Half was added to payment to farmers and half went to pay higher marketing charges. Payments to farmers for commodities in the food basket were \$261 in April, 2 percent higher than in March.

The farmer's share of the retail food dollar dropped to 56 cents in April from the recent high level of 57 cents reached in February and March.

Fresh fruits and vegetables show greatest price increase

Retail prices of important fresh fruits and vegetables rose 13.2 percent on the average from mid-February to mid-March followed by an additional 10.5 percent increase to mid-April according to reports of the U. S. Bureau of Labor Statistics. Retail prices of this group of items in April were more than double the level of January 1941. From March to April retail prices of sweet-potatoes rose by 31 percent, apples 19 percent, and white potatoes 15 percent.

In prices paid to farmers, greatest increases from March to April were noted for sweetpotatoes, white potatoes, and apples, with smaller increases for poultry and corn. Prices of eggs dropped slightly at both the farm and retail levels. Prices paid producers for hogs, veal calves, and lambs, dropped a trifle, with beef cattle showing an increase.

### Marketing margins rise sharply on few foods

Charges for marketing, as measured by the spread between retail prices and payments to farmers for an equivalent quantity of farm produce, showed marked increases from March to April for pork and a few other products, amounting to 36 percent for sweetpotatoes, 22 percent for apples, and 14 percent for white potatoes. Marketing margins declined during the month on hens, cereals, eggs, and dairy products.

### Marketing margin remains low in relation to prices

Throughout the recent war period the food marketing margin has failed to rise in normal relation to prices at retail and at the farm. Marketing charges exceeded the pre-war 1935-39 average of \$191 in only 2 months of 1942, June and July. Many cost factors in food marketing have been rising, particularly labor costs, yet the marketing margin had not risen correspondingly. It is difficult to say whether the recent increase through February into April will hold near the new levels or whether the advance will continue. Widening of marketing margins is least noticeable when it accompanies similar increases of retail and farm prices as was the case in this instance.

It is impossible to say what a "normal" marketing margin would be under present circumstances, but it is possible to estimate, on the basis of long-term relationships between margins and prices, the average increase in margins over the 1935-39 level which would be associated with the rise in prices from that period. This estimate of the margin for the food basket based upon 1935-39 as a normal base of reference falls on the range \$235 - \$240 for the price levels of April 1943, 18 percent higher than the actual margin observed for that month.

### Retail prices revised to reflect war-time consumption changes

The U. S. Bureau of Labor Statistics in March thoroughly revised its food price weights to reflect war-time changes in quantities consumed, in sales volumes of retail outlets, and in population shifts among geographic areas. A number of foods were added to the list of items priced, particularly those foods whose importance in war-time consumption is increasing. Effects of the revisions upon retail price data were generally rather minor, the retail value of all farm food products for January rising from \$427 on the basis of unrevised prices to \$430 when revised prices were used and rising from \$430 to \$432 for February.

In the calculation of price indexes and price averages the question of just where to draw the line in specifications of items priced and compared from month to month is always troublesome. The final decision must be rather arbitrary. For example, if beef sold in chain stores and beef sold in independents are treated as two distinct items, then the average beef prices are calculated separately for each store type and shifts in sales volume between type of outlet are not permitted to affect the average beef price or the price index. The latest revisions of the Bureau of Labor Statistics do allow for sales volume shifts of this sort - at least for the extent of shift which occurred from 1935-39 to March 1943, but in the absence of revised prices prior to January 1943 the price series lose strict comparability between December 1942 and January 1943.



Table 7 .- Annual family purchases of 58 foods <sup>1/</sup>

Year and month	: Cost at : retail : Dollars	: Paid to : farmers : Dollars	: Marketing : margin : Dollars	: Farmer's share of : retail value : Percent
1913-15 average. . . . .	236	135	121	53
1920. . . . .	514	272	242	53
1929 . . . . .	415	195	220	47
1935-39 average. . . . .	332	141	191	42
1940 . . . . .	314	132	182	42
1941 . . . . .	342	164	178	48
1942 . . . . .	398	209	189	53
1942 - Apr. . . . .	386	201	185	52
May. . . . .	392	202	190	52
June . . . . .	398	203	195	51
July . . . . .	401	208	193	52
Aug. . . . .	402	215	187	53
Sept. . . . .	405	216	189	53
Oct. . . . .	414	224	190	54
Nov. . . . .	418	227	191	54
Dec. . . . .	423	234	189	55
1943 - Jan. 2/. . . . .	430	241	189	56
Feb. 2/. . . . .	432	246	186	57
Mar. . . . .	448	257	191	57
Apr. . . . .	462	261	201	56

<sup>1/</sup> Important food products produced by American farmers combined in quantities representing annual purchases by a typical workingman's family.

<sup>2/</sup> Revised

Retail price averages for 56 cities from U. S. Bureau of Labor Statistics.

Table 8 .- Cottonseed - Farm-to-mill sales price spreads and relative product values

Year	: Value of: : products: : per ton: : of seed: : 1/ : Dollars	: Farm : price : per : ton : 2/ : Dollars	: : Actual : margin : Dollars	: Farm : value as: : percent- : age of : product: : value : Percent	: Percentage of product value : attributed to -	: : Crude : oil : Percent	: : Cake : and : meal : Percent	: : Hulls : Percent	: : Linters : Percent
beginning Aug. 1									
1935-39 average:	40.21	25.29	14.92	62.9	55.4	29.2	4.6	10.8	
1940. . . . .	37.80	21.72	16.08	57.5	46.6	31.6	5.3	16.5	
1941. . . . .	65.04	47.65	17.39	73.3	58.2	25.9	3.0	12.9	
1942 <sup>3/</sup> - Sept. . . . .	65.85	44.75	21.10	68.0	60.1	24.4	2.7	12.8	
Nov. . . . .	67.48	45.45	22.03	67.4	58.6	25.8	3.1	12.5	
1943 - Jan. . . . .	67.51	45.57	21.94	67.5	58.6	25.8	3.1	12.5	
Feb. . . . .	67.51	45.60	21.91	67.5	58.6	25.8	3.1	12.5	
Mar. . . . .	67.58	45.63	21.95	67.5	58.5	25.9	3.1	12.5	
Apr. . . . .	67.51	45.57	21.94	67.5	58.6	25.8	3.1	12.5	

<sup>1/</sup> Mill product values on the basis of values reported for each season by the U. S. Bureau of the Census, interpolated and extrapolated by monthly wholesale market prices of the products.

<sup>2/</sup> The monthly farm price is a weighted average of monthly prices received by farmers including several earlier months of farm sale to represent actual payment to farmers for seed crushed each month.

<sup>3/</sup> Preliminary data. <sup>4/</sup> No quotation for cottonseed meal. January price was used.



Table 9 .- Price spreads between the farmer and the consumer - food products,  
March 1943

Retail commodity	Table No.	Retail Unit	Price	Farm equivalent Quantity	Value	Actual margin	Farm value as percent- age of retail price
			Cents		Cents	Cents	Percent
Pork products	11	1 lb. prin pork products	31.2	1.90 lb. live hog	27.9	3.3	89
Dairy products	12	100 lb. milk equivalent	443.8	100 lb. milk equivalent	250.4	193.4	56
Hens	13	1 lb.	46.3	1.11 lb.	26.1	20.2	56
Eggs	14	1 doz.	50.3	1 doz.	34.0	16.3	68
White flour	15	1 lb.	6.0	1.41 lb. wheat	2.9	3.1	48
White bread	16	1 lb.	8.7	.97 lb. wheat	2.0	6.7	23
Corn meal	17	1 lb.	5.4	1.5 lb. corn	2.5	2.9	46
Rolled oats	18	1 lb.	8.9	1.78 lb. oats	3.2	5.7	36
Corn flakes	19	8-oz. pkg.	7.0	1.275 lb. corn	2.2	4.8	31
Wheat cereal	20	28-oz pkg.	24.1	2.065 lb. wheat	4.2	19.9	17
Rice	21	1 lb.	12.8	1.51 lb. rough rice	6.0	6.8	47
Navy beans	22	1 lb.	9.8	1 lb. dry beans	5.4	4.4	55
Oranges	24	1 doz.	39.4	1/17 box	13.4	26.0	34
Potatoes	25	1 lb.	4.6	1 lb.	2.4	2.2	52
Apples	35	1 lb.	8.9	1 lb.	3.9	5.0	44
Lamb products	37	1 lb. prin. lamb cuts	36.6	2.16 lb. live lamb	30.2	6.4	83
Sweet potatoes	38	1 lb.	9.7	1 lb.	2.8	6.9	29
Rye bread	39	1 lb.	9.3	0.39 lb. rye & 0.61 lb. wheat	1.8	7.5	19
Whole wh. bread	40	1 lb.	10.1	0.92 lb. wheat	1.9	8.2	19
Macaroni	41	1 lb.	14.6	1.72 lb. durum wheat	3.4	11.2	23
Soda crackers	42	1 lb.	17.6	1.085 lb. wheat	2.2	15.4	12
Peanut butter	44	1 lb.	32.0	2.73 lb. peanuts	11.8	20.2	37
58 foods combined	8	Annual family consumption	\$248	Annual family consumption	\$257	\$191	57

1/ Table numbers refer to numbering in original 1936 report and annual supplements entitled, "Price Spreads Between the Farmer and the Consumer."

Retail prices from the United States Bureau of Labor Statistics.

Table 10.- Price spreads between the farmer and the consumer - food products, April, 1943

Retail commodity	Table No.	Retail Unit	Farm equivalent		Farm value		
			Price	Quantity	Value	Actual margin	as percentage of retail price
			Cents		Cents	Cents	Percent
Pork products	11	1 lb. prin. pork products	31.6	1.90 lb. live hog	27.3	4.3	86
Dairy products	12	100 lb. milk equivalent	442.7	100 lb. milk 2/ equivalent	251.6	191.1	57
Hens	13	1 lb.	46.4	1.11 lb.	27.3	19.1	59
Eggs	14	1 doz.	49.9	1 doz.	33.7	16.2	68
White flour	15	1 lb.	6.1	1.41 lb. wheat	2.9	3.2	48
White bread	16	1 lb.	8.7	.97 lb. wheat	2.0	6.7	23
Corn meal	17	1 lb.	5.5	1.5 lb. corn	2.7	2.8	49
Rolled oats	18	1 lb.	8.9	1.78 lb. oats	3.4	5.5	38
Corn flakes	19	8-oz. pkg.	7.0	1.275 lb. corn	2.3	4.7	33
Wheat cereal	20	28-oz. pkg.	24.1	2.065 lb. wheat	4.2	19.9	17
Rice	21	1 lb.	12.8	1.51 lb. rough rice	6.1	6.7	48
Navy beans	22	1 lb.	9.9	1 lb. dry beans	5.5	4.4	56
Oranges	24	1 doz.	39.9	1/17 box	13.9	26.0	35
Potatoes	25	1 lb.	5.3	1 lb.	2.8	2.5	53
Apples	35	1 lb.	10.6	1 lb.	4.5	6.1	42
Lamb products	37	1 lb. prin. lamb cuts	36.9	2.16 lb. live lamb	30.0	6.9	81
Sweet potatoes	38	1 lb.	12.7	1 lb.	3.3	9.4	26
Rye bread	39	1 lb.	9.3	.39 lb. rye & .64 lb. wheat	1.8	7.5	19
Whole wh. bread	40	1 lb.	10.1	.92 lb. wheat	1.9	8.2	19
Macaroni	41	1 lb.	15.0	1.72 lb. durum wheat	3.4	11.6	23
Soda crackers	42	1 lb.	17.7	1.085 lb. wheat	2.2	15.5	12
Peanut butter	44	1 lb.	32.2	1.73 lb. peanuts	12.1	20.1	38
58 foods combined	8	Annual family consumption	\$462	Annual family consumption 2/	\$261	\$201	56

1/ Table numbers refer to numbering in original 1936 report and annual supplements entitled "Price Spreads Between the Farmer and the Consumer."

2/ Preliminary.

Retail prices from the United States Bureau of Labor Statistics.

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Table 11. - Price spreads between the farmer and the consumer - food products, retail price and farm value, April 1943

Commodity	Retail unit	Retail price				Percentage change to				Farm value				Percentage change to			
		1935-39 average		April 1943		April 1943		April 1943		1935-39 average		April 1943		April 1943		April 1943	
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent
Fork products.....	1 lb. prin. pork products	25.3	29.0	31.2	31.6	+ 9	+ 1	11.90 lb. live hogs		15.7	25.6	27.9	27.3	+ 7	- 2		
Dairy products.....	100 lb. milk equiv.	324.0	395.3	443.8	442.7	+ 12	2/	100 lb. milk equiv.		146.0	191.6	250.4	251.6	+ 31	2/		
Hens.....	1 lb.	31.7	35.7	46.3	46.4	+ 30	2/	11.11 lb.		16.5	20.4	26.1	27.3	+ 34	+ 5		
Eggs.....	1 doz.	36.0	39.4	50.3	49.9	+ 27	- 1	1 doz.		21.7	25.6	34.0	33.7	+ 32	- 1		
White flour.....	1 lb.	4.5	5.2	6.0	6.1	+ 17	+ 2	11.41 lb. wheat		2.0	2.3	2.9	2.9	+ 26	0		
White bread.....	1 lb.	8.2	8.6	8.7	8.7	+ 1	0	10.97 lb. wheat		1.3	1.5	2.0	2.0	+ 25	0		
Corn meal.....	1 lb.	5.0	4.7	5.4	5.5	+ 17	+ 2	11.5 lb. corn		1.8	2.1	2.5	2.7	+ 29	+ 8		
Roller oats.....	1 lb.	7.4	8.6	8.9	8.9	+ 3	0	11.78 lb. oats		1.9	2.9	3.2	3.4	+ 17	+ 6		
Corn flakes.....	18-oz. pkg.	7.8	7.2	7.0	7.0	- 3	0	11.275 lb. corn		1.6	1.8	2.2	2.3	+ 23	+ 5		
Wheat cereal.....	28-oz. pkg.	24.3	24.1	24.1	24.1	0	0	2.065 lb. wheat		2.9	3.4	4.2	4.2	+ 24	0		
Rice.....	1 lb.	8.2	12.2	12.8	12.8	+ 5	0	11.51 lb. rough rice		2.5	6.0	6.0	6.1	+ 2	+ 2		
Navy beans.....	1 lb.	6.9	9.0	9.8	9.9	+ 10	+ 1	1 lb. dry beans		3.5	4.4	5.4	5.5	+ 25	+ 2		
Oranges.....	1 doz.	31.5	28.4	39.4	39.9	+ 40	+ 1	11/17 box		9.3	7.8	13.4	13.9	+ 78	+ 4		
Potatoes.....	1 lb.	2.5	3.3	4.6	5.3	+ 61	+ 15	11 lb.		1.2	1.9	2.4	2.8	+ 47	+ 17		
Apples.....	1 lb.	5.5	6.8	8.9	10.6	+ 56	+ 19	11 lb.		1.9	2.9	3.9	4.5	+ 55	+ 15		
Lamb products.....	1 lb. prin. lamb cuts	27.2	26.5	36.6	36.9	+ 23	+ 1	12.16 lb. live lamb		16.2	23.4	30.2	30.0	+ 28	- 1		
Sweet potatoes.....	1 lb.	4.4	5.1	9.7	12.7	+ 149	+ 31	11 lb.		1.5	1.9	2.8	3.3	+ 74	+ 18		
Rye bread.....	1 lb.	9.1	9.2	9.3	9.3	+ 1	0	10.39 lb. rye & 0.64 lb. wheat		1.3	1.5	1.8	1.8	+ 20	0		
Whole wheat bread.....	1 lb.	9.3	9.9	10.1	10.1	+ 2	0	10.92 lb. wheat		1.3	1.5	1.9	1.9	+ 27	0		
Macaroni.....	1 lb.	15.0	14.3	14.6	15.0	+ 5	+ 3	11.72 lb. durum wheat		2.3	2.7	3.4	3.4	+ 26	0		
Soda crackers.....	1 lb.	16.9	16.5	17.6	17.7	+ 7	+ 1	11.085 lb. wheat		1.5	1.8	2.2	2.2	+ 22	0		
Peanut butter.....	1 lb.	19.5	26.1	32.0	32.2	+ 23	+ 1	11.73 lb. peanuts		6.1	10.8	11.8	12.1	+ 12	+ 3		
58 foods combined	Annual family consumption	\$ 332	\$ 386	\$ 448	\$ 462	+ 20	+ 3	Annual family consumption		\$ 141	\$ 201	\$ 257	\$ 261	+ 30	+ 2		

Retail prices are 51-city averages as published by the United States Bureau of Labor Statistics - Farm values are calculated from U. S. average farm price.

1/ Preliminary. 2/ Less than 0.5 percent.



Table 12 .- Price spreads between the farmer and the consumer - food products, margins, and farm value as percentage of retail price, April 1943.

Commodity	Retail unit	Margin		Percentage		Farm value as percentage of	
		: change to :		: Apr. 1943-from :		: retail price	
		1935-39: Apr. : Apr. : 1935-39: Apr. : Mar. : Apr. : Apr. : Apr.	1942: 1943 : 1943 : average: 1942 : 1943 : 1943 : 1943	Percent	Percent	Percent	Percent
		Cents	Cents	Cents	Percent	Percent	Percent
Pork products	1 lb. prin. pork	9.6	3.4	3.3	4.3	26	30
	products					62	88
Dairy products	100 lb. milk equiv.	178.0	203.7	1493.4	2/191.1	45	48
Hens	1 lb.	15.2	15.3	20.2	19.1	52	56
Eggs	1 doz.	14.3	13.8	16.3	16.2	60	59
						68	68
White flour	1 lb.	2.5	2.9	3.1	3.2	44	48
White bread	1 lb.	6.9	7.0	6.7	6.7	16	23
Corn meal	1 lb.	3.2	2.6	2.9	2.8	36	45
Rolled oats	1 lb.	5.5	5.7	5.7	5.5	26	34
Corn flakes	8-oz. pkg.	6.2	5.4	4.8	4.7	21	25
Wheat cereal	28-oz. pkg.	21.4	20.7	19.9	19.9	12	14
						48	48
Rice	1 lb.	5.7	6.2	6.8	6.7	30	47
Navy beans	1 lb.	3.4	4.5	4.4	4.4	51	55
Oranges	1 lb.	22.2	20.6	26.0	26.0	30	34
Potatoes	1 lb.	1.3	1.4	2.2	2.5	48	52
Apples	1 lb.	3.6	3.9	5.0	6.1	35	44
Lamb products	1 lb. prin. lamb cuts:	11.0	5.1	6.4	6.9	60	83
Sweet potatoes	1 lb.	2.9	3.2	6.9	9.4	34	29
Rye bread	1 lb.	7.8	7.7	7.5	7.5	14	19
Whole wh. bread	1 lb.	8.0	8.4	8.2	8.2	14	19
Macaroni	1 lb.	12.7	11.6	11.2	11.6	15	23
Soda crackers	1 lb.	15.4	14.7	15.4	15.5	9	12
Peanut butter	1 lb.	13.2	15.3	20.2	20.1	32	37
58 foods	Annual family					42	52
combined	consumption					5	57
1/ Revised.		\$191.	\$185.	\$191.	2/\$201.	9	5
		3/ Less than 0.5 percent.					
		2/ Preliminary.					

Table 13.- Farm products: Indexes of prices at several levels of marketing,  
1935-39 = 100

Year and month	:Cost:	Foods			Fibers			Whole		
	: of	: Retail:	: Farm	: Retail:	: Whole:	: Farm	: sale	: Farm	:	:
	: living:	: prices:	: Whole:	: prices:	: prices:	: sale	: prices:	: prices:	: prices:	: Prices
	: of	: of	: sale	: of	: of	: prices:	: of	: of	: of	: paid
	: city	: all	: prices	: 58	: cloth-	: of	: cotton:	: all	: all	: by
	: fa-	: foods	:	: foods	: ing	: textile:	: and	: farm	: pro-	: farmers
	: milies:	:	:	:	:	: pro-	: wool	: pro-	: ducts	:
	:	:	:	:	:	: ducts	:	: ducts	:	:
	: 1/	: 1/	: 2/	: 3/	: 1/	: 2/	: 4/	: 2/	: 3/	: 3/
<hr/>										
1913	: 71	80	81	95	69	81	111	94	95	81
1914	: 72	82	82	97	70	77	97	94	95	80
1916	: 78	91	96	110	78	99	131	111	111	100
1918	: 108	134	151	174	128	193	281	195	190	141
1920	: 143	169	174	193	201	232	282	198	199	162
1929	: 122	132	126	138	115	127	167	138	137	123
1932	: 98	86	77	62	91	77	55	63	61	86
1935	: 98	100	106	98	97	100	109	104	102	100
1936	: 99	101	104	108	98	101	114	106	107	100
1937	: 103	105	108	113	103	107	111	114	114	105
1938	: 101	98	93	92	102	94	81	90	89	98
1939	: 99	95	89	89	100	98	85	86	88	97
1940	: 100	97	90	94	102	104	97	89	92	99
1941	: 105	105	105	116	106	119	131	108	115	105
1942	: 116	124	126	148	124	136	178	139	148	122
1939 - Aug.	:	94	85	85		96	85	80	83	96
Sept.	101	98	95	95	100	101	91	90	92	98
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1942- Apr.	: 115	120	125	143	126	138	183	138	141	121
May	: 116	122	125	143	126	138	184	137	143	122
June	: 116	123	126	144	125	137	176	137	143	122
July	: 117	125	125	148	125	137	178	139	142	122
Aug.	: 118	126	127	152	125	137	174	140	152	122
Sept.	: 118	127	130	153	126	137	179	142	151	123
Oct.	: 119	130	131	159	126	137	182	143	156	124
Nov.	: 120	131	131	161	126	137	184	145	158	125
Dec.	: 120	133	132	166	126	137	187	150	170	125
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1943- Jan.	: 121	133	133	170	126	137	189	154	174	127
Feb.	: 121	134	134	174	126	137	188	157	171	129
Mar.	: 123	137	136	182	128	137	191	148	173	129
Apr.	: 124	141	137	185	128	137	192	163	175	130

- 1/ From "Changes in Cost of Living" Bureau of Labor Statistics.
- 2/ Calculated from figures of the Bureau of Labor Statistics.
- 3/ Based on figures published by the United States Department of Agriculture.
- 4/ Cotton and wool prices weighted by production in the period 1935-39.
- 5/ Revised.
- 6/ Preliminary estimate.

Table 14.-- Indexes of food costs, consumer income and of charges and hourly earnings in marketing, 1935-39 = 100

Year and month	Retail :		Non-		Monthly		Payments:		Marketing:		Hourly earnings in marketing enterprises	
	cost	of	agricultural	income	earnings	per employed	to	margin	Class 1	Food	Food	Cotton
	58	58	payments	1/	factory	2/	for 58	of 58	steam	processing	marketing	processing
	foods	foods			worker		foods	foods	3/	4/	5/	4/
1929 . . . . .	125		122		118		138	115	93	-	-	-
1935-39 average :	100		100		100		100	100	100	100	100	100
1940 . . . . .	95		115		111		94	95	105	110	105	105
1941 . . . . .	103		137		132		116	93	106	110	110	119
1942 . . . . .	120		169		166		148	99	119	128	120	139
1942 - Apr. . .	116		161		154		143	97	118	128	119	132
May . . . . .	118		163		158		143	99	118	129	120	136
June . . . . .	120		168		162		144	102	117	130	120	136
July . . . . .	121		170		171		148	101	117	128	120	136
Aug. . . . .	121		173		172		152	98	117	125	120	141
Sept. . . . .	122		174		174		153	99	119	125	121	148
Oct. . . . .	125		178		175		159	99	118	130	122	148
Nov. . . . .	126		184		184		161	100	121	131	123	149
Dec. . . . .	127		187		183		166	99	120	133	122	149
1943 - Jan. . .	6/ 130		6/ 191		189		6/ 171	6/ 99	120	134	126	150
Feb. . . . .	130		6/ 194		184		174	97	123	135	127	150
Mar. . . . .	135		7/ 196		183		182	100	119	136	127	151
Apr. . . . .	139		-		-		185	105	-	-	-	-

- 1/ United States Department of Commerce estimates. Adjusted for seasonal variation. Revised series.  
2/ Prepared in the Bureau of Agricultural Economics from data of the United States Bureau of Labor Statistics, adjusted for seasonal variation.  
3/ Compiled from data published by the Interstate Commerce Commission.  
4/ United States Bureau of Labor Statistics.  
5/ Weighted composite of earnings in steam railways, food processing, wholesaling, and retailing.  
6/ Revised.  
7/ Preliminary estimates.



